



General Assembly

January Session, 2015

***Raised Bill No. 920***

LCO No. 3480



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING MORTGAGE CORRESPONDENT LENDERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-718 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) On and after January 1, 2015, no person shall act as a mortgage  
4 servicer, directly or indirectly, without first obtaining a license under  
5 section 36a-719 from the commissioner for its main office and each  
6 branch office where such business is conducted, unless such person is  
7 exempt from licensure pursuant to subsection (b) of this section.

8 (b) The following persons are exempt from mortgage servicer  
9 licensing requirements: (1) Any bank, out-of-state bank, Connecticut  
10 credit union, federal credit union or out-of-state credit union, provided  
11 such bank or credit union is federally insured; (2) any wholly-owned  
12 subsidiary of such bank or credit union; (3) any operating subsidiary  
13 where each owner of such operating subsidiary is wholly owned by  
14 the same such bank or credit union; [and] (4) any person licensed as a  
15 mortgage lender in this state while acting as a mortgage servicer from

16 a location licensed as a main office or branch office under sections 36a-  
17 485 to 36a-498f, inclusive, 36a-534a and 36a-534b, provided (A) such  
18 person meets the supplemental mortgage servicer surety bond, fidelity  
19 bond and errors and omissions coverage requirements under section  
20 36a-719c, and (B) during any period that the license of the mortgage  
21 lender in this state has been suspended, such exemption shall not be  
22 effective; and (5) any person licensed as a mortgage correspondent  
23 lender in this state while acting as a mortgage servicer with respect to  
24 any residential mortgage loan it has made and during the permitted  
25 ninety-day holding period for such loan from a location licensed as a  
26 main office or branch office under sections 36a-485 to 36a-498f,  
27 inclusive, 36a-534a and 36a-534b, provided during any period the  
28 license of the mortgage correspondent lender in this state has been  
29 suspended, such exemption shall not be effective.

30 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, shall  
31 apply to any person, including a person exempt from licensure  
32 pursuant to subsection (b) of this section, who acts as a mortgage  
33 servicer in this state on or after January 1, 2015.

34 Sec. 2. Section 36a-719d of the general statutes is repealed and the  
35 following is substituted in lieu thereof (*Effective from passage*):

36 (a) Each mortgage servicer licensee and person exempt from  
37 licensure pursuant to subdivision (4) or (5) of subsection (b) of section  
38 36a-718, as amended by this act, shall maintain adequate records of  
39 each residential mortgage loan transaction at the office named in the  
40 mortgage servicer or mortgage lender license, or, if requested by the  
41 [Banking Commissioner] commissioner, shall make such records  
42 available at such office or send such records to the commissioner by  
43 registered or certified mail, return receipt requested, or by any express  
44 delivery carrier that provides a dated delivery receipt, not later than  
45 five business days after requested by the commissioner to do so. Upon  
46 request, the commissioner may grant a licensee additional time to  
47 make such records available or send them to the commissioner. Such

48 records shall provide the following information: (1) A loan history for  
49 residential mortgage loans upon which payments are received or made  
50 by the mortgage servicer, itemizing the amount and date of each  
51 payment and the unpaid balance at all times; (2) the original or an  
52 exact copy of the note, residential mortgage or other evidence of  
53 indebtedness and mortgage deed; (3) the name and address of the  
54 mortgage lender, mortgage correspondent lender and mortgage  
55 broker, if any, involved in the residential mortgage loan transaction;  
56 (4) copies of any disclosures or notifications provided to the mortgagor  
57 required by state or federal law; (5) a copy of any bankruptcy plan  
58 approved in a proceeding filed by the mortgagor or a co-owner of the  
59 property subject to the residential mortgage loan; (6) a  
60 communications log that documents all verbal communications with  
61 the mortgagor or the mortgagor's representative; and (7) a copy of all  
62 notices sent to the mortgagor related to any foreclosure proceeding  
63 filed against the encumbered property.

64 (b) Every mortgage servicer licensee and person exempt from  
65 licensure pursuant to subdivision (4) or (5) of subsection (b) of section  
66 36a-718, as amended by this act, shall retain the records of each  
67 residential mortgage loan serviced for not less than two years  
68 following the final payment on such residential mortgage loan, or the  
69 assignment of such residential mortgage loan, whichever occurs first,  
70 or such longer period as may be required by any other provision of  
71 law. Every mortgage servicer licensee and person exempt from  
72 licensure pursuant to subdivision (4) or (5) of subsection (b) of section  
73 36a-718, as amended by this act, shall keep and use in its business  
74 books, accounts and records that will enable the commissioner to  
75 determine whether such mortgage servicer is complying with the  
76 provisions of sections 36a-715 to 36a-719l, inclusive, and with any  
77 regulations adopted pursuant thereto.

<p>This act shall take effect as follows and shall amend the following sections:</p>
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Section 1	<i>from passage</i>	36a-718
Sec. 2	<i>from passage</i>	36a-719d

**Statement of Purpose:**

To exempt mortgage correspondent lenders from mortgage servicer licensing and bonding requirements.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*